

C/007/020 Incoming

CC: James

OK



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District, Price Field Office

125 South 600 West

Price, UT 84501

Phone: (435) 636-3600 Fax: (435) 636-3657

<http://www.blm.gov/ut/st/en/fo/price.html>



In Reply Refer To:

3482(UTG023)

UTU-74804

AUG 18 2011

CERTIFIED MAIL—7010-3090-0002-7831-0269

RETURN RECEIPT REQUESTED

RECEIVED

AUG 22 2011

DIV. OF OIL, GAS & MINING

Kit Pappas
Manager Engineering/Environmental Services
Hidden Splendor Resources, Inc.
3266 South 125 West
Price, Utah 84501

Re: Approved – Modification to the Resource Recovery and Protection Plan (R2P2) Mine Map,
Update of Recoverable Reserves, Horizon Mine

Dear Mr. Pappas:

The Bureau of Land Management (BLM) sent a Noncompliance letter on January 11, 2011 to Hidden Splendor Resources, operator of the Horizon Mine for not following the previously approved May 12, 2010 R2P2 mine plan. The Horizon Mine hand delivered an R2P2 modification request dated February 9, 2011 to the BLM at the Horizon Mine annual review meeting on February 10, 2011. This R2P2 modification was not approved because it had deficiencies in the mine plan and recoverable reserve tonnages. The BLM requested a meeting with Horizon on April 25, 2011 to review the deficiencies. The BLM received on April 26, 2011 a corrected R2P2 Map and Recoverable Reserve Tonnages ("Evaluation of Coal Reserves Horizon Mine No. 1" by EIS Environmental March 2011) satisfying the Recoverable Reserves but the Mine Plan still had deficiencies. On July 21, 2011 the BLM issued a denial to the R2P2 request and asked Horizon to submit a Mine Plan that matches the professional reserve estimate prepared by EIS Environmental Services. The BLM received on August 5, 2011 an R2P2 Mine Plan Map that now meets all requirements for approval. The Horizon Mine is in compliance with Federal Regulations 43 CFR 3480 Sect. 3481.1, b, as of August 5, 2011. This mine was inspected by the BLM most recently on July 13, 2011.

Proposed Plan: Hidden Splendor was mining west in the 5-entry 3rd West Mains when they encountered a major fault system that stopped further advancement. To continue mining profitable coal, a change in the mine plan was necessary. The new mine plan shows mining to the north off of the 3rd West Mains out-by the fault zone into the 1st Right Panel. Three pillar panels (1st East, 1st West and 2nd West) will then be driven off of 1st Right in an east-west orientation under approximately 1,600 feet of cover and the pillars are proposed to be pulled. It is further proposed to mine on the south side of the 3rd West Mains in the 1st Left pillar panel also out-by the fault. This pillar panel will be driven south to the fault and then

coal extracted between the fault and the 3rd West Mains by pulling pillars. Additional Longwall panels were added to the plan. This new plan will increase the recoverable reserves by 5,900,000 tons.

Approval: The BLM approves the Mine Plan map submitted August 5, 2011 and the recoverable reserve ton changes submitted with the map (based on the Professional Engineer Report prepared by EIS Consulting titled "Evaluation of Coal Reserves Horizon Mine No. 1").

Maximum Economic Recovery (MER): Full extraction of recoverable coal reserves will enable MER of the Federal coal in lease UTU-74804 to be achieved.

Recoverable Reserve Base: The estimated recoverable reserve base for Federal Coal Lease #U-74804 before this R2P2 change and after this R2P2 change is shown in the table below:

Lease	Recoverable Reserves <u>before this R2P2</u> Change	R2P2 Change	Recoverable Reserves <u>after this R2P2 Change</u>
U-74804	10,400,000	*5,900,000	16,300,000

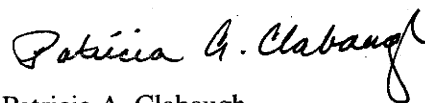
*R2P2 change 04/26/2011 adding 5,900,000 tons to the recoverable reserve base as per EIS report titled "Evaluation of Coal Reserves Horizon Mine No. 1".

This new recoverable reserve base will be carried forward as a basis for all future R2P2 mine plan changes causing reserves to be added or deducted from the base.

National Environmental Policy Act (NEPA): No new surface disturbance is predicted with this action, and therefore this action is Categorically Excluded (CX) from NEPA analysis under DM 516 chapter 11.5, paragraph F. (8): Approval of minor modifications to, or minor variances from, activities described in an approved underground or surface mine plan for leasable minerals (e.g., change in mining sequence or timing).

This R2P2 modification complies with the Mineral Leasing Act of 1920, as amended, the regulations at CFR 3480, and the lease terms and conditions. If you have any questions, please contact Vaughn Hughes of my staff at (435) 636-3626.

Sincerely,

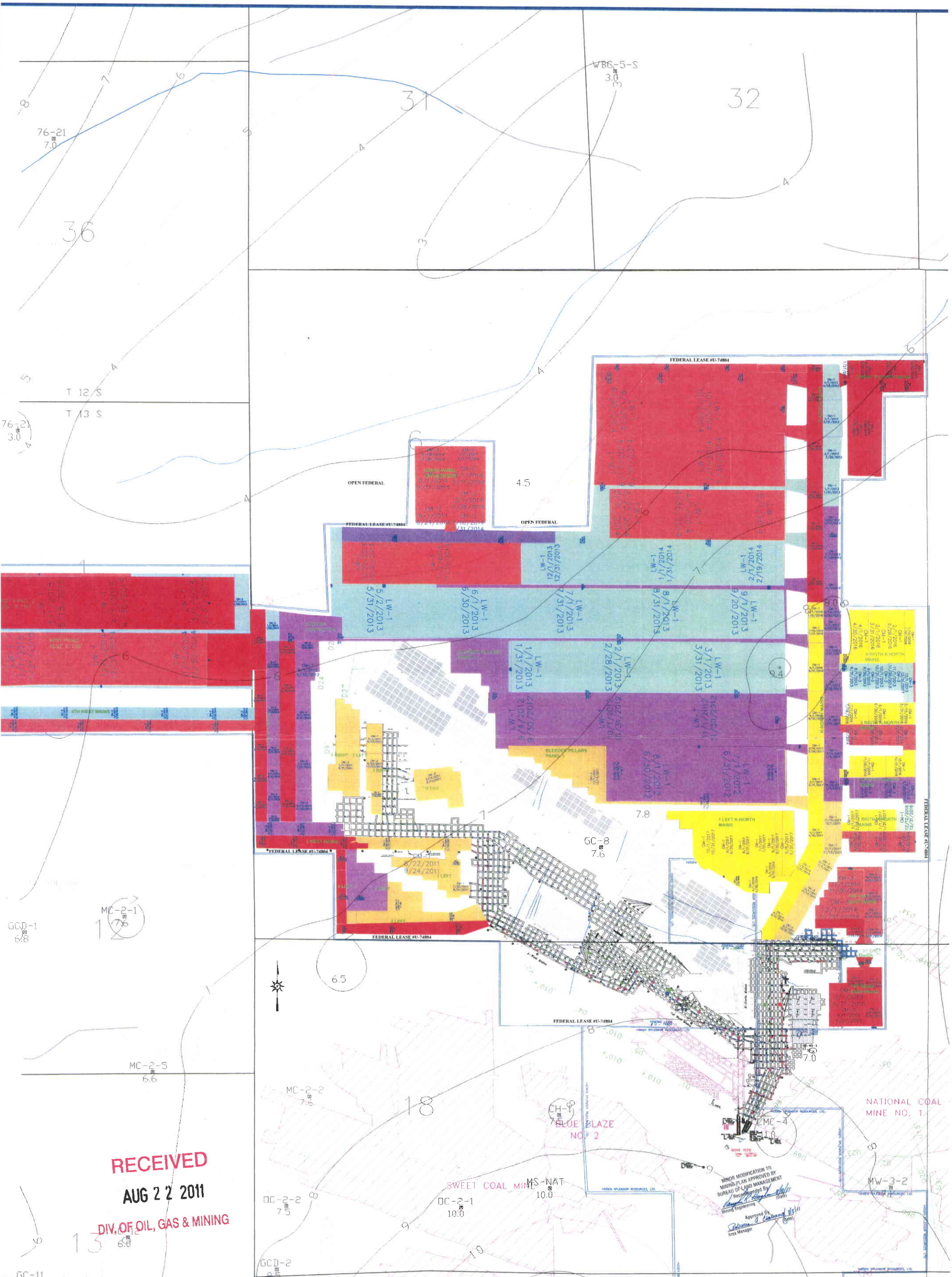


Patricia A. Clabaugh
Field Manager

Attachments: (1)
Map

cc: BLM State Office (UT-923)

✓ Utah Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801



RECEIVED
AUG 22 2011
DIV. OF OIL, GAS & MINING

- | | | | |
|----------|---------------------|------------------------|----------------------------|
| way | Projection | Surrounding Mine | Measurement Point Location |
| peray | Belt Line | Fan | Gob Air |
| (unsect) | Cover Countour | Base Line Point | Sealed Area |
| (unsect) | Roof Elevations | Drill Hole | SCSR Cache - Primary |
| (unsect) | Evaluation Point | Coal Outcrop | SCSR Cache - Secondary |
| (unsect) | Bleeder Block | Coal Outcrop Line | Refuge Chamber Location |
| (unsect) | Seal | Powerline | CO Sensor Location |
| (unsect) | Second Mined | Road | |
| (unsect) | Major Fault | Section Line | |
| (unsect) | Minor Fault | Lease Line | |
| (unsect) | Roof Fall | Permit Boundary | |
| (unsect) | Roof Fall (cleaned) | Horizontal Drill Holes | |

Timing Legend:	
2/14/2011 - 4/4/2012	
4/4/2012 - 4/4/2013	
4/4/2013 - 4/4/2014	
4/4/2014 - 4/4/2015	
4/4/2015 - 4/4/2016	
4/4/2016 - 8/31/2018	

CERTIFICATION STATEMENT:
I, the undersigned, hereby certify that this map is, to the best of my knowledge and belief, correct, and that it shows the information required by 30 CFR 75.372 and 30 CFR 75.1280.
The map covers the period ending: 8/31/2018
Signature: Joe Fielder
Registration Number: 22-15062-2201
NOTE: THERE ARE NO KNOWN OIL OR GAS WELLS THAT INTERCEPT THE COAL SEAM. THERE ARE NO RAILROADS NEAR THE MINE AREA. THE INDIVIDUAL RESPONSIBLE FOR THE INFORMATION ON THE MAP IS: JOE FIELDER

Hidden Splendor Resources		
Horizon Mine		
3266 South 125 West, Price, Utah 84501		
PH #: 435-636-0820 Fax #: 435-636-0817		
Drawn By:	MP	Date: August 1, 2011
Approval:	DB	Scale: 1" = 500'
Drawing:	HORIZON R2P2 MAP 8-1-2011.DWG	
HORIZON MINE R2P2 MAP FEDERAL LEASE U-74804		
MSHA ID# 42-02074		